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SUBJECT: GEORGIA: PRIME MINISTER ILL, AND RUMORED TO BE

REPLACED

Classified By: Ambassador John F. Tefft for reasons 1.4 (b) and (d).

- (C) Summary: After undergoing several weeks of medical treatment in Germany, Prime Minister Grigol Mgaloblishvili returned to Tbilisi following the Georgian Orthodox Christmas holiday. Throughout his absence, rumors circulated in the capitol, despite denials by President Saakashvili, that Mgaloblishvili was out of favor with Saakashvili and was being removed from office. The press reported, and senior government officials have privately confirmed, that Mgaloblishvili is suffering from nephritis, or an inflammation of the kidneys, which can vary significantly in severity. Those who have seen Mgaloblishvili since his return say the PM looks very unwell; Tbilisi Mayor Ugulava said that the PM had lost 10 kilograms in the past month and was exhausted. Rumors continue to circulate that current First Deputy Prime Minister and Finance Minister Nika Gilauri will be appointed to replace Mgaloblishvili in the near End Summary.
- (C) Comment: Although rumors continue to circulate, Mgaloblishvili appears seriously ill and many are quite worried about his health. Post has not picked up indications of discontent with the PM within presidential circles, lending credence to Ugulava,s denial of press reports that the President threw a celphone at the PM and verbally abused him. However, regardless of his current relationship with Saakashvili, Mgaloblishvili,s days as PM could be numbered due to lingering and seemingly serious health problems. Gilauri would be a natural replacement for Mgaloblishvili, as many of the economic-related tasks that fell to past PMs moved to Gilauri when former PM Lado Gurgenidze left office in late October. Gilauri, although not in Saakashvili's most inner circle, is a long-time ally of the President, U.S.-educated, and previously Minister of Energy from 2004 to 2007, and Finance Minister from 2007 to present. End Comment.

SAAKASHVILI DID NOT THROW THE PHONE

13. (C) In late December a story circulated in the press, originally carried by a Georgian tabloid, that during a disagreement, Saakashvili screamed at the PM and threw a cell phone at him in anger. Not long after these stories started to circulate, Mgaloblishvili left Tbilisi for medical treatment in Europe, leading many to suspect that he had been banished or even injured in the cell phone incident. Tbilisi Mayor and long-time Saakashvili confidente Gigi Ugulava told the Ambassador that these rumors were fabricated and very upsetting to Saakashvili. Ugulava said he was present during the alleged &incident.8 Saakashvili had paid a routine visit to the State Chancellery, and during a meeting with the PM had taken a call and was yelling at someone on the other line. Ugulava,s interpretation of the rumor is that someone outside the office heard this and reported that Saakashvili was yelling at the PM, and then added the thrown cell phone to embellish the story.

PM REMAINS IN ILL HEALTH, GILAURI NEXT IN LINE?

14. (C) The 35-year old Mgalobishvili was a surprise choice

as PM when he was recalled from his diplomatic posting as Ambassador to Turkey in October to take over the reins of the Georgian Government -- and at the time, many assumed that he would be an interim PM and in office for six months or so. However, Ugulava and many others in the Georgian Government report to us that the PM is extremely sick with a serious kidney ailment that will likely force him to return to Germany for treatment in the near future. During a recent television appearance with the President, the PM looked ill Qtelevision appearance with the President, the PM looked ill and said very little. First Deputy Minister of Energy Marika Valiashvili said she had seen the PM during a recent government meeting and that he looked green and very ill. Confirming Valiashvili,s statements, Ugulava reported that the PM had lost 10 kg, a loss he could ill-afford, and did not look well. Despite two weeks in Germany, Ugulava said Mgaloblishvili will likely need more treatment. Advisor to the Minister of Finance, and former advisor to the PM, Goga Melikadze also reported that Mgaloblishvili is extremely ill and the assumption in the government is that First Deputy PM and Finance Minister Nika Gilauri will soon become PM. Melikadze said that throughout Mgaloblishvili,s absence, Gilauri assumed the PM role and continues to cover many prime ministerial responsibilities. TEFFT